

THE COMMONWEALTH PLAN, INC.

2655 CAMPUS DRIVE, SAN MATEO, CALIFORNIA 94403

EXECUTIVE OFFICES

RECORDATION NO. [REDACTED] Filed & Recorded

JUN 12 1978 - 11 55 AM

INTERSTATE COMMERCE COMMISSION June 12, 1978

Mr. H. G. Homme, Jr.
Acting Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

There are handed to you herewith, for recording in compliance with the provisions of Section 20c of the Interstate Commerce Act, the original and two counterparts each of Equipment Leasing Agreement No. 5, dated as of June 1, 1978, and Supplement No. 1, dated as of June 1, 1978, thereto, together with ^{my PERSONAL CHECK} ~~this company's~~ voucher in the sum of \$60.00 in payment of the required recording fees. Please record Equipment Leasing Agreement No. 5 first, and assign a successive recordation number to Supplement No. 1.

The following information is set forth in accordance with the provisions of Section 57.4 of the Commission's Order of July 28, 1952, as amended:

Name and Address of Lessor:

The Commonwealth Plan, Inc.
2655 Campus Drive
Suite 200
San Mateo, California 94403

AREA CODE 4
572-1200

RECEIVED
JUN 12 11 50 AM '78
FEE OPERATION BUREAU
I.C.C.

RECORDATION NO. 9440 Filed & Recorded

JUN 12 1978 - 11 55 AM

INTERSTATE COMMERCE COMMISSION

8-163A067

NO. JUN 12 1978

Date

Fee \$ 60.00

ICC Washington, D. C.

June 12, 1978

Name and Address of Lessee-Guarantor:

Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, Pennsylvania 18101

General Description of the Equipment
Covered by Leasing Agreement No. 5
and Supplement No. 1 Thereto


60 100-ton, open top triple hopper cars, AAR
mechanical designation HT, and with the identifying marks:

PPLX 553, PPLX 555, PPLX 579,
PPLX 618, PPLX 646, PPLX 904,
PPLX 914, PPLX 919, PPLX 939,
PPLX 943, PPLX 944, PPLX 952,
PPLX 954, PPLX 955, PPLX 960,
PPLX 961, PPLX 969, PPLX 981
and PPLX 1097 to PPLX 1138
inclusive.

When recording of the Equipment Leasing Agreement No. 5
and Supplement No. 1 has been completed, will you kindly
return one counterpart of each of the documents with evidence
of recording endorsed thereon to our representative.

Very truly yours,

THE COMMONWEALTH PLAN, INC.


Bernard Goldman
President

Interstate Commerce Commission

Washington, D.C. 20423

6/12/78

OFFICE OF THE SECRETARY

**Bernard Goldman, President
The Commonwealth Plan, Inc.
2655 Campus Drive
San Mateo, California 94403**

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **6/12/78** at **11:55am.**
and assigned recordation number(s) **9440 & 9440-A**

Sincerely yours,

**H.G. Homme, Jr.,
Acting Secretary**

Enclosure(s)

**SE-30-T
(2/78)**

RECORDATION NO. 9440 Filed & Recorded

JUN 12 1978 - 11 55 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASING AGREEMENT NO. 5

Leasing Agreement made as of June 1, 1978, in the City of Allentown, Commonwealth of Pennsylvania, by and between THE COMMONWEALTH PLAN, INC., a corporation organized and existing under the laws of the Commonwealth of Massachusetts and having its principal office at 2655 Campus Drive, San Mateo, California, (herein called "Lessor") and PENNSYLVANIA POWER & LIGHT COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and having its principal office at Two North Ninth Street, Allentown, Pennsylvania (herein called "Lessee").

In consideration of the mutual covenants hereinafter contained, Lessor and Lessee agree as follows:

SECTION 1. Definitions. As used herein

- (a) "Equipment" means new railroad cars.
- (b) "Acquisition Cost" of Equipment is an amount equal to the sum of the vendors' price, and may include any excise tax on Equipment and any sales and use taxes and freight and other expenses required to effect delivery of Equipment to Lessee, less all discounts, trade-ins or other allowances obtained.
- (c) "Quarter" means a calendar quarter.
- (d) "Individual Lease" is a record prepared by Lessee with respect to a particular item of Equipment, dated the effective date of the Individual Lease and setting forth a full description of the Equipment, its Acquisition Cost, the quarterly amortization, the base location of the Equipment, the rent, and such other details as the parties may desire. The Individual Lease shall contain the short form of lease set forth in Section 3 hereof.
- (e) "Bank" means The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts.
- (f) "Rent" and "Amortized Value" for Equipment for each day and each Quarter during the lease of the Equipment will be dollar amounts bearing the same ratios to the daily rent and Quarterly rent and amortized value for such day and Quarter set forth in Exhibit A annexed hereto as the Acquisition Cost of such Equipment bears to One Hundred Thousand Dollars (\$100,000).

SECTION 2. Agreement for Lease of Equipment.

Lessor shall lease to Lessee and Lessee shall lease from Lessor such Equipment as may be mutually agreed, having a total aggregate Acquisition Cost of not more than Two Million Three Hundred Thousand Dollars (\$2,300,000) in the manner and upon the terms and conditions specified in this Leasing Agreement. Whenever Lessee decides upon detailed specifications for any Equipment, Lessee will so advise Lessor and request Lessor to issue its purchase order for such Equipment to the vendor thereof on the terms of Lessee's request. Such a request by Lessee and issuance by Lessor of its purchase order pursuant to such request shall obligate Lessee to lease the Equipment upon delivery to and acceptance by Lessee of the Equipment, which complies with Lessee's specifications for the Equipment.

SECTION 3. Form of Individual Leases.

Lessor and Lessee shall evidence their agreement to lease specific items of Equipment by mutually signing and delivering to each other a short form of lease which shall be attached to, or printed or stamped on, Individual Leases for the Equipment to be leased, and which form shall read substantially as follows:

" The undersigned Lessor hereby leases to the undersigned Lessee, and Lessee acknowledges delivery to it in good condition of, the Equipment described above. The covenants, terms and conditions of this lease are those appearing in a general Equipment Leasing Agreement between the undersigned Lessor and Lessee dated as of _____, which covenants, terms and conditions are hereby incorporated by reference.

THE COMMONWEALTH PLAN, INC., Lessor

By _____

PENNSYLVANIA POWER & LIGHT COMPANY, Lessee

By _____

SECTION 4. Delivery.

Lessor shall not be liable to Lessee for any failure or delay in obtaining Equipment or making delivery thereof if Lessor shall exercise reasonable diligence so to do. Upon delivery of Equipment to Lessee and receipt by Lessor of vendor's invoice for such Equipment approved by Lessee and Bill of Sale for such Equipment in favor of Lessor, Lessor shall remit to the vendor a check for the total of the vendor's invoice for such Equipment, provided that the amount paid the vendor by Lessor shall not exceed the Acquisition Cost of the Equipment. If the amount paid to the vendor by Lessor is less than the Acquisition Cost of the Equipment, to the extent that delivery costs or costs of additions to the Equipment have been met by Lessee, and do not exceed the Acquisition Cost, Lessor shall reimburse Lessee. As between Lessor and Lessee, delivery of Equipment to and acceptance of Equipment by Lessee shall constitute Lessee's acknowledgment that the Equipment is in good order and condition and is of the manufacture, design and capacity selected by Lessee, that Lessee is satisfied that the same is suitable for its purposes and that Lessor has made no representation or warranty, express or implied, with respect thereto.

SECTION 5. Lease Term.

Individual Leases for Equipment shall be effective on the date the Equipment is accepted by Lessee, and the Individual Lease for the Equipment shall be dated such date. Unless otherwise agreed, if the Individual Lease term of any Equipment becomes effective on other than the first day of a Quarter, the Rent for that partial Quarter shall be based on the daily rate set forth in Exhibit A hereto. Notwithstanding the foregoing, the provisions of Section 10 and the first sentence of Section 12 of this Leasing Agreement shall apply as between Lessor and Lessee with respect to any Equipment from the time the Equipment is ordered by Lessor pursuant to a request from Lessee. Unless terminated sooner under the provisions of Sections 12, 13, 14, 15 or 18 hereof the term of the lease of each unit of Equipment shall begin on the effective date thereof and shall continue for a period of twenty years; provided, however, that if the effective date of the lease of any Equipment is other than the first day of a Quarter, the term of the Lease of such Equipment shall continue for a period of twenty years after the first day of the Quarter following such effective date. Upon the expiration of the term of the Individual Lease for any Equipment, the Individual Lease will automatically be renewed from Quarter to Quarter thereafter until the Individual Lease is terminated as provided for in Sections 12, 13, 14, 15 or 18 hereof.

SECTION 6. Rent.

Lessee shall pay Rent Quarterly by the last day of each Quarter. Rent for a first partial Quarter, if any, shall be paid on the last day of such partial Quarter. Reports from Lessee shall be rendered as close to the last day of each Quarter as possible and shall cover Rent payable on Equipment for that Quarter, adjustments on the preceding Quarter's Rent resulting from commencement or termination of Individual Leases during such Quarter and other appropriate items, if any.

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SECTION 7. Use of Equipment.

Equipment leased hereunder shall at all times be the sole and exclusive property of Lessor, and Lessee shall have no rights or property therein but only the right to use the same as herein provided. So long as Lessee is not in default within the meaning of Section 17 hereof, Lessee shall have the right to use Equipment in the regular course of its business or the business of any subsidiary or affiliate of Lessee, or for any other lawful purpose. The base location of the Equipment leased hereunder shall be within the Commonwealth of Pennsylvania, but Equipment may be used elsewhere within the continental United States. Lessee shall notify both Lessor and the Bank in writing of the location of each piece of Equipment upon written request from Lessor so to do, it being understood that in the absence of unusual circumstances, such a request shall not be made more frequently than once a year. Lessee shall use and operate Equipment or cause it to be used and operated only by authorized personnel, and Lessee shall use every reasonable precaution to prevent loss or damage to Equipment from fire and other hazards. Lessee's servants and agents shall cooperate fully with Lessor in the investigation of any claims and suits relating to Equipment. Lessee shall use its best efforts to comply and shall cause all persons using or operating Equipment to use their best efforts to comply with all statutes, ordinances and regulations regarding the use and operation of Equipment. Lessee shall not, without Lessor's prior written consent assign any right or interest hereunder except to a corporate successor by merger or permit any lien or encumbrance to remain on Equipment other than liens placed thereon by Lessor or persons claiming against Lessor but not Lessee, provided, however, that nothing contained in this Leasing Agreement shall prohibit the subjection of Lessee's interest in this Leasing Agreement to the lien of any corporate mortgage. Lessee shall have the right to sublease any Equipment leased under this Leasing Agreement, provided, however, that any such sublease shall in no way affect or limit Lessee's obligations to Lessor and the Bank hereunder. Lessee shall have the right to attach to Equipment a sign, stencil, plaque, legend or other device indicating that the Equipment is being operated in the business of Lessee, provided, however, that to the extent required in any case by applicable law, Lessee upon request by Lessor shall attach to Equipment a sign, stencil, plaque, legend or other form of notice required by law to protect or disclose the interest of Lessor or the Bank or that Equipment is leased or mortgaged.

SECTION 8. Improvement and Repair of Equipment.

Upon request of Lessee, Lessor shall assign or otherwise make available to Lessee all of its rights under any vendor or manufacturer's warranty on Equipment. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of Equipment during the Individual Lease terms thereof. Lessee shall at all times, at its own expense, keep Equipment in good condition and repair and in good and efficient working order, reasonable wear and tear excepted, and Lessee shall have a reasonable time within which to repair any loss or damage to Equipment from fire or other casualty. This provision shall apply regardless of the cause of damage and all risks with respect thereto are assumed by Lessee. At its own

expense, Lessee shall supply and replace all parts to the Equipment and shall supply the necessary power and other items required in the operation of Equipment. Any replacement parts to Equipment shall become and remain the property of Lessor. Unless otherwise agreed to by Lessor and Lessee, any special purpose improvements or additions to Equipment which are owned by Lessee or a third party shall remain the property of Lessee or such third party and may be freely removed at any time by Lessee or such third party.

SECTION 9. Insurance.

Lessee shall, at its own cost and expense, with respect to the Equipment, maintain a program of insurance, self-insurance or any combination thereof which, in the opinion of the Bank, is adequate to protect Lessor, Lessee and the Bank against any liability for damage to persons or property resulting from the operation of Equipment, provided, however, that Lessee shall at no time be required to maintain insurance policies covering damage to or loss of any Equipment leased hereunder. The Bank shall not require any policies of insurance with respect to any such liability which is less than \$100,000 in amount or exceeds \$1,000,000 in amount for any one accident. Lessee shall not be required to name Lessor or the Bank as additional insureds under any insurance policies maintained pursuant to this Section or to furnish Lessor or the Bank with certificates or other evidence of insurance coverage. Lessor and the Bank shall be under no duty to investigate or examine the insurance coverage, if any, maintained by Lessee pursuant to this Section.

SECTION 10. Indemnity.

Lessee agrees to indemnify and hold Lessor and the Bank harmless against any and all claims, demands, liabilities of whatsoever nature (excepting, however, claims of Lessor and the Bank against one another but not against Lessee) and all costs and expenses directly resulting from the acquisition, rejection, possession, use, operation, control or disposition of Equipment (excepting, however, any internal administrative costs and expenses of Lessor or the Bank). Lessee shall pay all recording and filing fees, stamp taxes and like expenses with respect to mortgages on Equipment from Lessor to the Bank which Lessor determines it is necessary to incur and all federal, state, county, municipal or other license or qualification fees and taxes whatsoever and penalties and interest thereon, whether assessed, levied against or payable by Lessor or otherwise, with respect to Equipment or the purchase, sale, rental, use, operation, control or ownership of Equipment or measured in any way by the value thereof or by the business of Lessor with respect thereto (excepting only taxes on the net income of Lessor determined substantially in the same manner as net income is determined under the Federal Internal Revenue Code) and Lessee shall indemnify and hold Lessor and the Bank harmless against any claim with respect thereto. Lessee shall forthwith upon demand reimburse Lessor or the Bank for any sum or sums expended with respect thereto. Inclusion of any taxes in the Acquisition Cost shall be a means of reimbursement under this Section. To the extent

that Lessee in fact indemnifies Lessor under the indemnity provisions of this Leasing Agreement, Lessee shall be subrogated to Lessor's rights in the affected transaction and shall have the right to control litigation related to the transaction and to determine the settlement of claims therein.

SECTION 11. Patent Infringement.

Lessee shall indemnify and hold Lessor harmless against all costs, charges, damages or expenses for royalties and/or claims and expenses of litigation, arising out of or necessitated by the assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Equipment, provided, however, that Lessor will make available to Lessee all of Lessor's rights under any similar indemnification from the vendor or manufacturer of Equipment.

SECTION 12. Loss or Destruction of Equipment.

Lessee hereby assumes all risks of loss or damage to Equipment howsoever the same may be caused. Lessee shall notify Lessor and the Bank promptly of any loss of or damage to any Equipment in an amount in excess of \$10,000 and shall keep Lessor and the Bank informed of all developments and correspondence regarding insurance rights, if any, and other rights and liabilities arising out of the loss or damage. In the event of total destruction of any Equipment or damage beyond repair or the conversion or other loss of any Equipment, or, if use thereof by Lessee in its regular course of business, is prevented by the act of any third person or persons, other than any governmental instrumentality, for a period exceeding ninety (90) days, or if any Equipment is attached (other than on a claim against Lessor but not Lessee) or is seriously damaged and the attachment is not removed or the Equipment not repaired, as the case may be, in a period of ninety (90) days, then in any such event (a) Lessee shall notify Lessor and the Bank in writing of such fact; (b) within sixty (60) days of such event Lessee shall pay to the Bank an amount equal to the Amortized Value of such Equipment at the time of payment; (c) the Individual Lease term for such Equipment shall continue until such payment and shall thereupon terminate; and (d) upon such payment all title to and rights of Lessor and the Bank in such Equipment and any insurance thereon shall automatically pass to Lessee.

SECTION 13. Special Provision Re Commandeering or Seizure of Equipment.

Lessor and Lessee recognize and wish to provide in this Section for the possibility of a governmental seizure of part or all of the Equipment, either temporarily or permanently, and accordingly make the following special provisions for this contingency. If any Equipment is commandeered, seized or taken by eminent domain by the government of the United States of America or of any of the United States the provisions of this Section shall apply with respect to such Equipment.

Lessor and Lessee agree that whichever first receives notice of such governmental action shall promptly give written notice thereof to the other party and to the Bank. Thereafter Lessor and Lessee, and the Bank to the extent of its interest and its rights as mortgagee and assignee, shall cooperate in prosecuting the rights of the Lessor, Lessee and the Bank arising against the government which has commandeered, seized or taken the Equipment. The Lessee shall continue to pay an amount equal to the amount of the rent for the Equipment and all other sums which may become due hereunder with respect to such Equipment until either (i) the government makes payment in full for the damages caused by such commandeering, seizure or taking or (ii) a period of two years elapses from the date of such commandeering, seizure or taking, whichever shall first occur; and upon the happening of the first to occur of such events (a) the Lessee shall immediately pay to the Bank an amount equal to the Amortized Value of such Equipment at the time of payment, (b) the lease term for such Equipment shall continue until such payment and shall thereupon terminate as of the end of the quarter during which such amount is transmitted to the Bank, and (c) upon such payment all title to and rights in such Equipment and to the proceeds of any payment by, and all rights of the Lessor and the Bank against, the government which has commandeered, seized or taken such Equipment shall pass to the Lessee, and any such payments received by the Lessor or the Bank from such government shall be promptly paid over by the recipient to the Lessee. If prior to the happening of either of such events the commandeering, seizure or taking of such Equipment is nullified or rescinded, then the lease of such Equipment shall continue in accordance with its terms as though such commandeering, seizure or taking had not occurred, and, if the Lessee has continued to fulfill its obligation to pay the rent for such Equipment as provided in this Section, the Lessor or the Bank shall either pay to or credit to the account of the Lessee, any amount received by Lessor or the Bank from such government and any right to the proceeds of any payment by, and all rights of the Lessor or the Bank against, such government arising from such commandeering, seizure or taking.

SECTION 14. Termination.

Either Lessor or Lessee may at any time after June 30, 1978 terminate this Leasing Agreement at any time with respect to any new or additional Equipment by giving sixty (60) days prior notice in writing to the other party of such termination, provided, however, that such termination shall in no way affect any transactions entered into or rights created or obligations incurred prior to such termination, as to which transactions, rights and obligations this Leasing Agreement and all provisions hereof shall be fully operative until such transactions, rights and obligations are fully disposed of, concluded and/or liquidated in accordance with the terms of this Leasing Agreement or any Individual Lease hereunder.

SECTION 15. Sale of Equipment.

If in Lessee's sole judgment it determines that any Equipment leased hereunder is obsolete or no longer useful in its business, or if the freight rates charged to Lessee by railroads are changed so that the leasing of the Equipment hereunder will be more costly to Lessee than if Lessee used railroad cars owned by the railroads, Lessee may at any time after the expiration of five (5) years from the first day the first full Quarter of the lease of such Equipment arrange for the termination of the Individual Lease as to and the sale of such Equipment as hereinafter provided. After written notice to the Lessor and the Bank, Lessee, as agent for Lessor, shall proceed directly with negotiating the sale of the Equipment and Lessor shall promptly execute and transmit to Lessee all papers needed to effectuate the sale. Lessee shall cause the proceeds of sale to be transmitted promptly to the Bank. The lease of the Equipment and Lessee's obligation to pay Rent shall continue until such proceeds are transmitted to the Bank and shall thereupon terminate. If the net proceeds of sale of such Equipment are more than the Amortized Value of such Equipment at the time of termination of the Individual Lease of such Equipment hereunder, Lessor shall forthwith pay Lessee as an adjustment in Rent an amount equal to such excess. If the net proceeds of sale of such Equipment are less than the Amortized Value of such Equipment, Lessee shall at the same time pay to the Bank as an adjustment in Rent an amount equal to such deficiency.

Lessee may, if it chooses to do so, purchase any of the Equipment at any time after the expiration of twenty (20) years from the first day of the first full Quarter of the lease of the Equipment, at its then fair market value, but the purchase price shall in no event be less than the Amortized Value of the Equipment at the time of termination of the Individual Lease. The Individual Lease of such Equipment and Lessee's obligation to pay Rent shall continue until the purchase price has been transmitted to the Bank and shall thereupon terminate. If the parties cannot agree on the fair market value of any such Equipment, they shall select a qualified independent appraiser to determine such value and his decision shall be final.

SECTION 16. Surrender of Equipment.

Upon the final termination of the Individual Lease as to any Equipment, but subject to the provisions of Sections 12, 13 and 15, Lessee shall surrender such Equipment to Lessor at the Lessee's property where such Equipment is then located or at such other place which may be agreed upon between Lessee and Lessor. Lessee shall pay Lessor any amount by which the cost of removing and disposing of any Equipment exceeds the salvage value of such Equipment.

SECTION 17. Events of Default.

The following events of default by Lessee shall give rise to rights on the part of Lessor described in Section 18:

(a) Default in the payment of Rent under any Individual Lease of Equipment beyond the twenty-fifth (25th) day after the date such Rent is due; or

(b) Default in the payment or performance of any other liability, obligation or covenant of Lessee to Lessor under this Leasing Agreement which operates to the material detriment of Lessor or its assignees and the continuance of such default for ten (10) days after written notice to Lessee sent by registered or certified mail; or

(c) The termination of existence or business failure of, or the making of an assignment for the benefit of creditors by, Lessee; or

(d) The institution of bankruptcy, reorganization, liquidation or receivership proceedings by or against Lessee and, if instituted against Lessee, its consent thereto or the pendency of such proceedings for thirty (30) days.

SECTION 18. Rights of Lessor upon Default of Lessee.

Upon the occurrence of any of the events of default described in Section 17 Lessor may in its discretion do one or more of the following:

(a) Terminate any Individual Lease hereunder upon ten (10) days' written notice to Lessee sent by registered mail;

(b) Whether or not any Individual Lease is terminated, take immediate possession of any or all of the Equipment, including substituted parts, accessories or equipment and/or other equipment or property of Lessor leased to and in the possession of Lessee pursuant to this Leasing Agreement, wherever situated, and for such purpose, enter upon any premises of Lessee without liability for so doing;

(c) Whether or not any action has been taken under Sections 18 (a) or (b) above, Lessor may sell any Equipment (with or without the concurrence or request of Lessee) with the consequences set forth in first paragraph of Section 15 hereof.

(d) Otherwise as owner sell, dispose of, hold, use or lease any Equipment or other property of Lessor leased to Lessee hereunder as Lessor in its sole discretion may decide, without any duty to account to Lessee with respect to such action or any proceeds thereof;

(e) If after default Lessee fails to deliver or converts or destroys any or all of the Equipment, Lessee shall be liable to Lessor for all

unpaid Rent to the date of such failure to deliver, conversion, or destruction of such Equipment plus the full Amortized Value thereof and all costs and expenses incurred by reason of the default;

(f) If after default Lessee delivers Equipment to Lessor or if Lessor repossesses Equipment, Lessee shall be liable for and Lessor may recover from Lessee all unpaid Rent to date of such delivery or repossession plus the amount of any deficiency existing between the net proceeds of any sale of Equipment pursuant to clause (c) above and the Amortized Value of the Equipment at the time of such delivery or repossession and plus all other losses and damages sustained and all costs and expenses incurred by reason of the default. In the event of default under Section 17 by Lessee and the exercise by Lessor of any of the provisions in this Section 18, Lessor shall cause the Equipment to be sold with the consequences set forth in the first paragraph of Section 15 hereof.

SECTION 19. Mileage Allowances.

In consideration of the rent to be paid by Lessee to or for the account of Lessor hereunder, Lessor agrees that it will promptly make available to Lessee in such manner as Lessor and Lessee agree, all mileage allowances received by or due to Lessor with respect to any railroad rolling stock which may be then under lease from Lessor to Lessee; provided, however, no such mileage allowance shall be made available to the Lessee if such action is prohibited by or is illegal under any federal or state law. In the event Lessee believes it is entitled to receive a mileage allowance, and if the Lessor does make available to the Lessee any mileage allowances hereunder, Lessee shall render an annual accounting to Lessor setting forth the total amount of its costs and expenses incident to the leasing of such rolling stock (including, without limitation, rent, maintenance, insurance, operating expenses, taxes, accounting, legal, clerical, supervisory and management expenses and all allocable portions of Lessee's overhead expense with respect to the use of such rolling stock) paid or incurred during the accounting period and the amount of the mileage allowances paid to the Lessee during the same period. The Lessee may select the date for the first annual accounting, if any, for any rolling stock hereunder and shall thereafter make annual reports as required as of the anniversary date of the first report. Reports may be rendered on a composite basis for all rolling stock. At the same time any report is made, Lessee shall make an adjustment of such mileage allowances if required under applicable law. To the extent permitted by applicable law, Lessee's right to receive mileage allowances shall be cumulative during the period covered by this Agreement. Lessee shall in no event set off any amounts received by Lessor as mileage allowances against any rent payable by Lessee under Section 6 hereof or against any other sums due Lessor or the Bank under any other Section of this Agreement. As used herein, mileage allowance shall include all sums due from any railroad for the use of any railroad rolling stock owned by the Lessor and leased to the Lessee. Upon the final termination of the lease of all Equipment leased hereunder all mileage allowances which have not been set off against the Lessee's costs and expenses as provided in this Section shall be retained by the Lessor.

SECTION 20. Equipment To Be and Remain Personal Property.

It is the intention and understanding of both Lessor and Lessee that all Equipment shall be and at all times remain personal property.

SECTION 21. Assignment by Lessor of Rights Under Leases and Mortgages of Equipment to The First National Bank of Boston.

Lessee hereby acknowledges notice that Lessor proposes to finance its acquisition and ownership of Equipment by borrowing from The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts, and in that connection may, as security, grant to the Bank chattel mortgages on Equipment, it being understood, however, that any such chattel mortgages shall contain a provision that as long as Lessee is not in default hereunder it shall be entitled to uninterrupted use of Equipment on the terms herein provided. Lessee also acknowledges notice of the intended assignment by Lessor to the Bank of the Rents and all other sums due and to become due under Individual Leases, all as security for obligations of Lessor to the Bank. After any such assignment and receipt by Lessee of a duly attested copy thereof the terms and provisions of this Leasing Agreement and of any Individual Lease hereunder may not be altered, modified or waived without the written consent of the Bank and after such assignment and written notice thereof to Lessee, Lessee shall make payment of all Rents and other payments due under Equipment Leases directly to the Bank, and such payments shall discharge the obligations of Lessee to Lessor hereunder to the extent of such payments. The assignment by Lessor to the Bank of rights hereunder shall not transfer to the Bank the general title to any Equipment or impose on the Bank any of the duties or obligations of Lessor hereunder, but in all other respects the Bank shall have all the rights of Lessor hereunder to the extent necessary to realize upon Rents and other monies payable by Lessee and to protect its security interest in Equipment resulting from chattel mortgages.

Lessee expressly covenants and represents for the purpose of assurance to and for the benefit of the Bank and for the purpose of inducing the Bank to make loans as specified above that the rights of the Bank under any such assignment and the rights of any participant in or subsequent assignee of such rights, shall not be subject to any defense, set-off, counterclaim, or recoupment whatsoever arising out of the manufacture, construction, delivery, guarantee or warranty of the Equipment, nor subject to any defense, set-off, counterclaim or recoupment whatsoever by reason of any other indebtedness or liability not arising out of this lease or in respect of the Equipment leased hereunder which may be at any time owing to the Lessee by the manufacturer or vendor or by the Lessor. Any and all such obligations howsoever arising shall be and remain enforceable by the Lessee against and only against such manufacturer, or vendor, or the Lessor as the case may be.

SECTION 22. Covenant of Quiet Enjoyment.

During the terms of any Individual Lease and so long as Lessee is not in default hereunder, Lessor covenants and agrees that Lessee shall have the right to uninterrupted use and enjoyment of Equipment on the terms and conditions provided in this Leasing Agreement without any interference from Lessor or those claiming through or against Lessor,

SECTION 23. Miscellaneous.

This Leasing Agreement and all rights hereunder shall be governed by the law of Pennsylvania. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder or under any other instrument given hereunder unless such waiver is given in writing and the same shall be binding to the extent therein provided and only upon the parties signing the same. A waiver on any one occasion shall not be construed as a waiver on any future occasion. No executory agreement shall be effective to change, modify or discharge, in whole or in part, this Leasing Agreement, or any other instrument given in connection therewith, unless such executory agreement is in writing and signed by the party to be charged therewith. All rights, remedies and powers granted herein, or in any other instrument given in connection herewith, shall be cumulative and may be exercised singularly or cumulatively.

SECTION 24. Investment Tax Credit.

As permitted under Section 48 (d) of the Federal Internal Revenue Code, Lessor shall elect to treat Lessee as having acquired the Equipment which is leased hereunder, and which qualifies for such election, for purposes of the investment credit provisions under Section 38 of the Federal Internal Revenue Code and Lessee shall consent to such election as to all Equipment leased hereunder and which qualifies for such election. Lessor and Lessee shall execute all documents and take any and all actions necessary to render any such election effective and binding.

SECTION 25. Filing of Agreement.

The parties agree that this Leasing Agreement shall be filed by the Lessor with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Upon request by the Lessor, the Lessee will prepare, execute, acknowledge and deliver to Lessor one or more Supplements to this Leasing Agreement describing units of Equipment leased hereunder and Lessor shall execute, acknowledge and file such Supplements with the Interstate Commerce Commission. Upon termination of the lease of any unit of Equipment Lessor and Lessee shall execute any appropriate instrument requested by the other for filing with the Interstate Commerce Commission as evidence of termination of the lease of such unit of Equipment.

IN WITNESS WHEREOF, Lessor and Lessee, intending legally to be bound hereby, have duly executed this Leasing Agreement as of the day and year first above written.

ATTEST:

Roger Ackerman
Vice President

ATTEST:

Louise A. Earg

THE COMMONWEALTH PLAN, INC., Lessor

By Bernard Goodman
PRESIDENT

PENNSYLVANIA POWER & LIGHT COMPANY, Lessee

By Robert L. Linnell
VICE PRESIDENT, FINANCE

EXHIBIT A

Rent, Amortized Values, and Quarterly Amortization for Equipment having an Acquisition Cost of \$100,000.

Daily rent for each day during the partial first quarter, if any, beginning with the effective date of the lease of the Equipment and ending June 30, 1978:

\$ 25.48

Rent for each of the 80 full calendar quarters beginning July 1, 1978:

\$2,706.38

Rent for each full calendar quarter after 80 quarters:

\$ 75.00

END OF FULL CALENDAR QUARTER #	AMORTIZED VALUE (\$)	QUARTERLY AMORTIZATION (\$)
1	99,543.62	456.38
2	99,076.97	466.65
3	98,599.82	477.15
4	98,111.94	487.88
5	97,613.08	498.86
6	97,102.99	510.09
7	96,581.43	521.56
8	96,048.13	533.30
9	95,502.83	545.30
10	94,945.26	557.57
11	94,375.15	570.11
12	93,792.21	582.94
13	93,196.15	596.06
14	92,586.68	609.47
15	91,963.50	623.18
16	91,326.30	637.20
17	90,674.76	651.54
18	90,008.56	666.20
19	89,327.37	681.19
20	88,630.86	696.51
21	87,918.67	712.19
22	87,190.46	728.21
23	86,445.87	744.59
24	85,684.52	761.35
25	84,906.04	778.48
26	84,110.05	795.99
27	83,296.15	813.90
28	82,463.93	832.22
29	81,612.99	850.94
30	80,742.90	870.09
31	79,853.24	889.66
32	78,943.56	909.68
33	78,013.41	930.15
34	77,062.33	951.08
35	76,089.85	972.48
36	75,095.49	994.36

END OF FULL CALENDAR QUARTER #	AMORTIZED VALUE (\$)	QUARTERLY AMORTIZATION (\$)
37	74,078.76	1,016.73
38	73,039.15	1,039.61
39	71,976.15	1,063.00
40	70,889.23	1,086.92
41	69,777.86	1,111.37
42	68,641.48	1,136.38
43	67,479.53	1,161.95
44	66,291.44	1,188.09
45	65,076.62	1,214.82
46	63,834.46	1,242.16
47	62,564.36	1,270.10
48	61,265.68	1,298.68
49	59,937.78	1,327.90
50	58,580.00	1,357.78
51	57,191.67	1,388.33
52	55,772.10	1,419.57
53	54,320.59	1,451.51
54	52,836.42	1,484.17
55	51,318.86	1,517.56
56	49,767.15	1,551.71
57	48,180.53	1,586.62
58	46,558.21	1,622.32
59	44,899.39	1,658.82
60	43,203.25	1,696.14
61	41,468.94	1,734.31
62	39,695.61	1,773.33
63	37,882.38	1,813.23
64	36,028.35	1,854.03
65	34,132.61	1,895.74
66	32,194.21	1,938.40
67	30,212.20	1,982.01
68	28,185.59	2,026.61
69	26,113.39	2,072.20
70	23,994.56	2,118.83
71	21,828.06	2,166.50
72	19,612.81	2,215.25
73	17,347.72	2,265.09
74	15,031.66	2,316.06
75	12,663.49	2,368.17
76	10,242.04	2,421.45
77	7,766.11	2,475.93
78	5,234.47	2,531.64
79	2,645.87	2,588.60
80 and each quarter thereafter	0.00	2,646.85

THE COMMONWEALTH PLAN, INC., Lessor

By Bernard Goodman
PRESIDENT

PENNSYLVANIA POWER & LIGHT COMPANY, Lessee

By John L. ...
VICE PRESIDENT, FINANCE

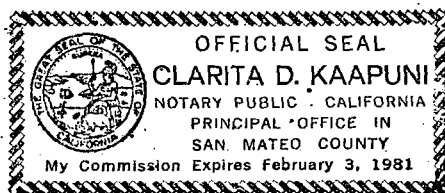
STATE OF CALIFORNIA
COUNTY OF SAN MATEO

} ss:

On this 7th day of June, 1978, before me personally appeared
BERNARD GOLDMAN, to me personally known, who, being by me
duly sworn, says that he is President, of The Common-
wealth Plan, Inc., that one of the seals affixed to the fore-
going instrument is the corporate seal of said corporation, that said in-
strument was signed and sealed on behalf of said corporation by authority
of its Board of Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said corporation.

Clarita D. Kaapuni
Notary Public

My Commission Expires:



STATE OF PENNSYLVANIA
COUNTY OF LEHIGH

} ss:

On this 9th day of June, 1978, before me personally appeared
Joseph L. Donnelly, to me personally known, who, being by me
duly sworn, says that he is Vice President-Finance, of Pennsylvania
Power & Light Company, that one of the seals affixed to the fore-
going instrument is the corporate seal of said corporation, that said in-
strument was signed and sealed on behalf of said corporation by authority
of its Board of Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said corporation.

Valeria M. Cavallucci
Notary Public

My Commission Expires:

VALERIA M. CAVALLUCCI
Notary Public
Allentown, Lehigh County, Pennsylvania
My Commission Expires Nov. 25, 1979